

AMENDED IN SENATE APRIL 21, 2009

SENATE BILL

No. 224

Introduced by Senator Correa

February 23, 2009

An act to amend Sections 50650.3 and 50650.4 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 224, as amended, Correa. CalHome Program: homeowner grants.

(1) Existing law establishes the CalHome Program under the administration of the Department of Housing and Community Development and authorizes funds appropriated for purposes of the program to be used to enable low- and very low income households to become or remain homeowners. The program authorizes the use of grant funds for, among other things, home rehabilitation. Existing administrative regulations require installation of an ignition resistant construction system only when a manufactured home, mobilehome, multifamily manufactured home, or commercial modular is installed in designated areas.

This bill would provide that home rehabilitation includes the installation or retrofit of ignition resistant exterior components on existing manufactured homes and mobilehomes required pursuant to specified administrative regulations. The bill would prohibit rehabilitation funding for these purposes under a specified circumstance.

(2) Under the CalHome Program, the department provides the program funds to local public agencies or nonprofit corporations as either grants or loans to assist homeownership and requires them to meet prescribed criteria. In administering the program, the department

is authorized to permit local *public* agencies and nonprofit corporations to apply their own guidelines with respect to the use of CalHome funds.

This bill would prohibit a local public agency and a nonprofit corporation from denying funding or applying different underwriting guidelines to a housing program or project solely on the basis that the home is a manufactured home or mobilehome or the home is located in a mobilehome park or a manufactured housing community.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 50650.3 of the Health and Safety Code
2 is amended to read:

3 50650.3. (a) Funds appropriated for purposes of this chapter
4 shall be used to enable low- and very low income households to
5 become or remain homeowners. Funds shall be provided by the
6 department to local public agencies or nonprofit corporations as
7 either of the following:

8 (1) Grants for programs that assist individual households.

9 (2) Loans that assist development projects involving multiple
10 homeownership units, including single-family subdivisions.

11 (b) (1) Grant funds may be used for first-time homebuyer
12 downpayment assistance, home rehabilitation, including the
13 installation or retrofit of ignition resistant exterior components on
14 existing manufactured homes and mobilehomes required pursuant
15 to Article 2.3 (commencing with Section 4200) of Subchapter 2
16 of Chapter 3 of Division 1 of Title 25 of the California Code of
17 Regulations, homebuyer counseling, home acquisition and
18 rehabilitation, or self-help mortgage assistance programs, or for
19 technical assistance for self-help and shared housing
20 homeownership.

21 (2) Home rehabilitation funding for the purpose of installing
22 ignition resistant components on manufactured homes or
23 mobilehomes pursuant to this subdivision shall not be conditioned
24 upon the rehabilitation of additional or unrelated home components
25 unless that rehabilitation is required pursuant to Article 2.3
26 (commencing with Section 4200) of Subchapter 2 of Chapter 3 of
27 Division 1 of Title 25 of the California Code of Regulations. *In*
28 *administering funding for this purpose, local public agencies and*

1 *nonprofit corporations may consider the condition and age of the*
2 *manufactured home or mobilehome, including whether the home*
3 *was constructed on or after January 1, 1976, in accordance with*
4 *federal standards and whether the available funds could be more*
5 *effectively used to replace the manufactured home or mobilehome.*

6 (c) Loan funds may be used for purchase of real property, site
7 development, predevelopment, and construction period expenses
8 incurred on homeownership development projects, and permanent
9 financing for mutual housing or cooperative developments. Upon
10 completion of construction, the department may convert project
11 loans into grants for programs of assistance to individual
12 homeowners. Financial assistance provided to individual
13 households shall be in the form of deferred payment loans,
14 repayable upon sale or transfer of the homes, when they cease to
15 be owner-occupied, or upon the loan maturity date. Financial
16 assistance may be provided in the form of a secured forgivable
17 loan to an individual household to rehabilitate, repair, or replace
18 manufactured housing located in a mobilehome park and not
19 permanently affixed to a foundation. The loan shall be due and
20 payable in 20 years, with 10 percent of the original principle to be
21 forgiven annually for each additional year beyond the 10th year
22 that the home is owned and continuously occupied by the borrower.
23 Not more than 10 percent of the funds available for the purposes
24 of this chapter in a fiscal year shall be used for financial assistance
25 in the form of secured forgivable loans.

26 (d) All loan repayments shall be used for activities allowed
27 under this section, and shall be governed by a reuse plan approved
28 by the department. Those reuse plans may provide for loan
29 servicing by the grant recipient or a third-party local government
30 agency or nonprofit corporation.

31 SEC. 2. Section 50650.4 of the Health and Safety Code is
32 amended to read:

33 50650.4. (a) To be eligible to receive a grant or loan, local
34 public agencies or nonprofit corporations shall demonstrate
35 sufficient organizational stability and capacity to carry out the
36 activity for which they are requesting funds, including, where
37 applicable, the capacity to manage a portfolio of individual loans
38 over an extended time period. Capacity may be demonstrated by
39 substantial successful experience performing similar activities, or
40 through other means acceptable to the department. In administering

1 the CalHome program, the department may permit local agencies
2 and nonprofit corporations to apply their own underwriting
3 guidelines when evaluating CalHome rehabilitation loan
4 applications, following prior review and approval of those
5 guidelines by the department. The local agency or nonprofit
6 corporation shall not subsequently alter its underwriting guidelines
7 with respect to the use of CalHome funds without review and
8 approval by the department. In allocating funds, the department
9 shall utilize a competitive application process, using weighted
10 evaluation criteria, including, but not limited to, the extent that the
11 program or project utilizes volunteer or self-help labor, trains youth
12 and young adults in construction skills, creates balanced
13 communities, involves community participation, or whether the
14 program or project contributes toward community revitalization.
15 To the extent feasible, the application process shall ensure a
16 reasonable geographic distribution of funds.

17 (b) In administering department funds received pursuant to
18 subdivision (a), local public agencies and nonprofit corporations
19 shall not deny the funding application of, or apply different
20 underwriting guidelines to, a housing program or project solely
21 on the basis of either of the following:

22 (1) The home is a manufactured home or mobilehome, as
23 defined in Sections 18007 and 18008.

24 (2) The home is located in a mobilehome park or in a
25 manufactured housing community, as defined in Sections ~~18214~~
26 ~~and 18210.7~~ 18210.7 and 18214.